

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION - DETROIT

FILED

2014 APR -1 A 10:24

In the matter of:

U.S. BANKRUPTCY
E.D. MICHIGAN-DETROIT

CITY OF DETROIT, MICHIGAN

Case No. 13-53846-swr

Chapter 9

Debtor /

Hon. STEVEN W. RHODES

OBJECTION TO:

Disclosure statement (with respect to plan of
adjustment
FILED BY: Jean Vortkamp docket 2709)

TO: Jean Vortkamp hereby states his/her/their OBJECTION
TO: Disclosure for the following reasons.

1. I we am/are interested in the Bankruptcy of the City of Detroit because
I am a resident and property owner

2. I we object to the above filing because:
many issues are missing from the
disclosure. See attached 128 page
document, Exhibit A and spreadsheet.
Exhibit A is 41 pages.

3. I have have not attached additional sheets to explain and establish my position.

I hereby certify that the statements made herein are true and correct under penalty of perjury and contempt of Court under the laws of the United States of America.

Wherefore I/ we request the Court will deny the relief sought in said filing.

Jean Vortkamp
11234 Craft
Detroit MI 48224
jeanVortkamp@gmail.com

Dated: March 31, 2014

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION – DETROIT

In the matter of:

CITY OF DETROIT, MICHIGAN

Debtor _____ /

Case No. 13-53846-swr
Chapter 9
Hon. STEVEN W. RHODES

APPLICATION TO WAIVE ELECTRONIC FILING

I hereby request the Court will waive electronic filing because:

1. I am not a lawyer and I am filing this objection pro se.
2. I do not have electronic filing privileges.
3. This is an important case and it affects my legal rights

I hereby certify the foregoing is true and correct under penalty of contempt of court and perjury under the laws of the United States of America.

Dated: *March 31, 2014*

Jean Vortkamp

11234 Craft Detroit MI 48224

OBJECTION TO THE DISCLOSURE STATEMENT

JEAN VORTKAMP

According to the Detroit Free Press, a disclosure statement is a “document that contains a narrative and data outlining the city’s financial forecast and its government restructuring plans. It is intended to provide a picture of the city government’s future. The goal is to provide enough information to creditors on the city’s restructuring proposal so creditors can decide whether they believe the plan of adjustment is feasible and fair.”¹

I believe many things were missing in Jones Day’s assessment of Detroit. I object to the fact that Jones Day wrote our disclosure statement. They are not Detroiters, are not any type of elected officials of this city, do not represent the people of Detroit and are the last people on earth I would ask anything about Detroit.

What got Detroit to this point in time, March 31, 2014, was a series of events that stole community and individual wealth. I am writing this from the perspective of a lifelong Detroit, a longtime community activist and the president/founder of an award-winning non-profit for the impoverished children of this city who suffer every single day of their lives and are cheated of many opportunities.

I write this from a tiny house across the street from ZIP code 48205. I have spent years laying down in my living room from gunshots and fighting for the rights of children only to watch their living conditions deteriorate while the living conditions of the new Detroiters are supplemented by the tax money from our neighborhoods. How dare someone who has come here from the same firm that represents Bank of America speak at all to the condition of the city and the children of Detroit when that very bank has been taking money from the city funds on swaps that could have been used for gifted children or reading tutors for children who have fallen behind, or to help grandparents raising grandchildren.

¹ <http://www.freep.com/article/20140221/NEWS01/302210078/Detroit-define-plan-of-adjustment-disclosure-statement-bankruptcy>

Getting Around

Being able to get to work is essential. Through the years I have gotten by with walking, riding my bike, taking the bus, and driving used cars, patch working them together, mainly trying to get downtown which is 15 minutes away by car. Right now it would take at the least 45 minutes on a weekday when the most buses are running. Bus service has been cut to my neighborhood. I need to take two buses or walk a mile to an infrequent bus that meanders downtown. Most of the bus drivers are helpful and responsible about their jobs. There must be something else wrong. For Detroit to move forward after the bankruptcy, there must be careful investment in public transportation for ALL people.

For taking groups of children on trips we used to use the community bus transportation available at the community center. It was affordable and suited our needs. But since the community center collapsed under the city's negligent moving of funds, we have been forced to seek alternatives. Children would walk 3 miles round trip to the nearest recreation center. We have taken the public bus, sometimes being stranded for hours. My most poignant memory is the day we tried to get to the Chandler Park Aquatic Center by bus. We hydrated and walked about a mile to the bus stop on the 95 degree day, only to wait to find out that no bus was coming. The children decided to walk the next mile and a half in the heat. Our other option is a \$200 base price trip by rented bus. For most children whose families don't have cars and don't feel that public transportation is an odyssey they want to experience with their family, a field trip may be the only time kids get out of their neighborhood.

I would like to reallocate the \$25M that was mistakenly given to the M1 rail that will of course increase the property values along it. In my opinion, an analysis should be done on who owns those properties along the rail. In my opinion that is the only way such a ludicrous decision could have been made. The people from Washington must not have noticed that the rest of Detroit is on bikes in the snow, walking for miles, running across 8 Mile to catch their next bus or ghettoized by lack of transport. Whose heart does not break on cold days seeing a toddler and a mom at a bus stop in Detroit? Whose will has ever been tested trying to succeed in Detroit while the bus constantly undermines you? In my opinion no other city has a bus system so purposefully designed to make people fail at their jobs and any other endeavor that includes leaving their own neighborhood.

The price of car insurance drives people out of Detroit and impoverishes the people who live here. If you don't get insurance then you are slapped with driver's responsibility fees. For example, an improper turn can cost \$100.² Oddly, this bundle of money goes into a fire protection fund while Detroit has only 6 arson inspectors for 5,000 fires.

Detroit ranked first in the country for car insurance cost with an average annual premium of \$10,723.22.³ The median household income, 2008-2012 was \$26,955⁴ which is just above the 2014 poverty guidelines for a family of 4 which is \$25,330⁵ Persons below poverty level, 2008-2012 was 38.1%⁶ So that would mean that about 40% of the income of a Detroiter from the median household would go toward insurance. For 38% of Detroiters that means that it would be more than 40% of their income would go toward car insurance alone. I hadn't noticed this mentioned in Jones Day's Disclosure.

Garbage

Our garbage pickup has been like clockwork for my entire life. The only exception was this past summer when word in the neighborhood was that the trucks were not being fixed. There was no reason to privatize it. Orr himself said it would not save the city that much money. "While not a huge amount of money in terms of the amount of debt that we have, every little bit helps," Orr said. "I immediately said, 'If we can get better service at less cost and a more widespread recycling program, we have to at least explore that.'"⁷ What does Orr know about the quality of our garbage pickup? Nothing. You may note that in the Mackinac Policy Center's brief for 2000 they recommended that the garbage service be privatized. Detroiters would NEVER do this.

² <http://www.michigan.gov/driverresponsibility/0,4573,7-213-32166---,00.html>

³

http://www.mlive.com/business/detroit/index.ssf/2014/02/detroit_has_highest_car_insura.html

⁴ <http://quickfacts.census.gov/qfd/states/26/2622000.html>

⁵ <http://www.direct.ed.gov/RepayCalc/poverty.html>

⁶ <http://quickfacts.census.gov/qfd/states/26/2622000.html>

⁷ <http://www.crainsdetroit.com/article/20130801/NEWS/130809990/detroit-moves-quickly-to-outsource-trash-collection-recycling-orr>

Privatization in general encourages bad service and corruption. Giving out huge contracts opens the door for unparalleled corruption - oftentimes elected officials/appointees are paid off to get the contract. Money is taken from the hands of the unionized workers and put into the hands of the contractor company owners and non-union workers who are usually paid less and get less benefits. Citizens get worse service because of the additional layers and lack of accountability. This is old-fashioned common sense that Detroiters subscribe to: pay good wages to garbage men, let them provide for their families – not pay big contracts, make campaign contributions and pay low wages. While places like the Mackinac Policy Center espouse the benefits of privatization, it is not reflective of Detroiters.⁸

⁸ <http://www.mackinac.org/3153>

Parks

On the whole the parks in Detroit have been neglected. The question any Detroiter would ask is why? There are enough people who need to do community service to have every lawn cut sufficiently, there are enough neighbors in the area that would cut it if equipment was provided. I don't buy it for one minute that we did not have the money. I will focus in my objection on Belle Isle as an example.

1. Belle Isle: While Belle Isle could certainly make the city quite a bit of money, plans had to go through the mayor and none ever came out of Bing's hands. The Orion festival should have made the city quite a bit of money. How much was that? I see that on the State's Advisory Board is Sommer Woods who also worked on the PGA tour. The tour also happens at Jean Clock Park which I think was wrongfully taken from the people of Benton Harbor, which is under emergency management. How much did Detroit make off the Grand Prix each year?

As I understand from Brenda Jones' office, business plans were submitted to Mayor Bing. None were submitted to the City Council. A majority of the cost of maintaining Belle Isle is the lights and water. Why not a one time improvement of alternative energy lights and be done with it? Why not just close the island at dark? Why were work crews cut there, when the island could have been a source of revenue for the city? Why are the people who are the board members of Belle Isle not people who are from a parks background? I think it was poor and malicious management. In my opinion, the State takeover of Belle Isle was a revenue theft from the city. In my opinion looking at the big picture of what is happening to Detroit overall is part of the plan of the Mackinac Policy Center and the takeover of Belle Isle is their triumph. In my opinion, they are fixing the island with the tax money of the people of the State of Michigan to prep it for sale to private hands. The plan from the Mackinac Policy Center⁹ and from Bingham Farms' (not Detroit's) Rodney Lockwood¹⁰, of the Mackinac Policy Center, is in the footnotes. This is what happens when a city is no longer governed, but rather taken over by a group of people with no community or governance experience or even good intentions. It is unfortunate for future generations and it needs to be returned to Detroit for our revenue.

⁹ <http://www.mackinac.org/18159>

¹⁰ <http://www.commonwealthofbelleisle.com/#sthash.XOrifxrpdpu>

Housing

I see that since 2009 the arson section was chosen as a section to be cut. It is surprising to me that in a city that still has things like an expensive People Mover that does not stop running - that such an essential service had been cut. Without understanding why this was cut in the past and how it was handled, I don't believe Detroit can move forward in a positive way in such an essential housing issue.

In 2011 which was the last year statistics were available for arson investigation there were 100 solved of 5,000 arsons.¹¹ In 2013 there were 5000 arsons with 6 investigators.¹² In 2009 there were 20 arson investigators.¹³

Homeowner insurance is prohibitively expensive. My house insurance is 1/3rd of my house note. Another example is "Detroit homeowner Harold Davis lives on a block with four burned-out houses. But homeowner insurance has become so expensive - \$3,000 a year in a neighborhood where houses recently have sold for around \$5,000-he dropped his coverage."¹⁴ "Reuters studied online insurance quotes on five \$100,000 homes in several Detroit neighborhoods and found the premiums were at least three times higher than the quotes for \$100,000 homes in suburban neighborhoods."¹⁵

The city of Detroit also has the highest property tax burden in the state.¹⁶ "Detroit ranked first among the 50 largest cities in taxes and last among property values in a 2011 study by the Lincoln Institute of Land Policy in Cambridge, Mass. Detroit taxes on a \$150,000 house were \$4,885, twice the national average of \$1,983. The city's average house price, \$16,800, was nearly 10 times lower than the next lowest, Mesa, Ariz."¹⁷

¹¹ http://www.huffingtonpost.com/2013/07/15/detroit-arson_n_3591149.html

¹²

http://www.deadlinedetroit.com/articles/7363/arson_investigations_overwhelms_understaffed_detroit_fire_dept?section_name=crime#.Uyop5c5EwuZ

¹³ http://www.huffingtonpost.com/2013/07/15/detroit-arson_n_3591149.html

¹⁴ http://www.huffingtonpost.com/2013/07/15/detroit-arson_n_3591149.html

¹⁵ http://www.huffingtonpost.com/2013/07/15/detroit-arson_n_3591149.html

¹⁶ http://www.mlive.com/opinion/index.ssf/2013/04/jeff_guilfoyle_analysis_detroit.html

¹⁷ <http://www.detroitnews.com/article/20130221/METRO01/302210398>

The population decline is an oft cited reason why Detroit has its problems. People did not just “vanish” from Detroit. “The number of people who vanished from Detroit — 237,500 — was bigger than the 140,000 who left New Orleans.”¹⁸ In my neighborhood, I know of many homes that were lost to foreclosure. I see them everyday out my front window. Every day I am aesthetically assaulted by the results of predatory loans and miss many of the neighbors the banks stole from me. Just last week I learned that the grandparents of one of the kids lost his home near the canal to foreclosure from a predatory loan. He had intended to stay there for the rest of his life. It was his home. One of the members of the beekeeping club who always helped us harvest honey for the kids lost her home near the canal. Detroit lost a lot of good homeowners. Detroiters have been dispersed all over, forced to live with other family members.

I don’t believe the people who made the money off the loans and then were bailed out with my tax money suffer the same. It is quite unfair. According to the SEMCOG 2011 Quick Facts, population in my own neighborhood, Denby (NOT “Derby” as it is listed in the woefully misguided Detroit Future Cities Plan) went from 24,503 to 20,135 for a loss of 4,368 and I am certain that we have lost MANY more since then.

In addition SEMCOG 2011 Quick Facts adds “The City of Detroit’s population decline of 25% is dramatic but not unique. Chicago lost 200,418 persons or 7% in the decade; Cleveland lost over 17%; St. Louis is at its 1870 population level; and Pittsburgh continues to lose population since 1950. Yet, many of these places are experiencing economic rebirth. Like the rest of Michigan, part of the City of Detroit’s population loss is due to the national housing collapse and resulting foreclosure crisis. Had vacancy in the city remained what it had been in 2000, the city’s population would have been approximately 830,000 persons.”

According to Detroit Eviction Defense, “Although Step Forward Michigan, controlled by the Michigan State Housing Development Authority (MSHDA), got \$498 million in federal money to help families avoid both tax and mortgage foreclosures, they are denying applications for assistance by the thousands, and often don’t even answer the phone. Just 22% of the millions earmarked for distressed homeowners had been spent by the last

¹⁸ http://www.nytimes.com/2011/03/23/us/23detroit.html?_r=0

months of 2013. ¹⁹ "A two-year investigation of mortgage lenders found that "the companies made thousands of loans to homeowners in Metro Detroit and nationwide they knew likely wouldn't be repaid. "The practices detailed in a 639-page report by the Senate's permanent subcommittee on investigations, which Levin chairs, found nearly a third of mortgages made in Metro Detroit during the height of the real estate bubble from 2005-07 by the top 10 risky lenders fell into foreclosure by 2008. Investigators say the crisis has since worsened. One lender cited in the report — Long Beach Mortgage Co., a former subsidiary of Washington Mutual — sold more than 3,800 Metro Detroit homeowners on risky loans during the height of the market between 2005 and 2007. More than half — 51.3 percent — of those properties were in foreclosure within a year..."²⁰ According to SEMCOG Quick Facts 2011 "Total housing units in the city declined by only 7% between 2000 and 2010, illustrating that some neighborhoods are making more redevelopment progress than the population decline indicates. Nine neighborhoods, led by the Hubbard-Richard neighborhood at 19%, had an increase in housing units during the decade. Six of these areas are in, or adjacent to, Downtown Detroit. The vacancy rate more than doubled, from 10% to 23%. Overall, the Census identified 79,725 vacant units out of a total of 349,170 housing units in the city." According to Foreclosure Detroit, from 2005 to October 2011 there were about 63,150 mortgage foreclosures in Detroit. Of course there are many more since then. ²¹ New York Judge Baer noted in the Morgan Stanley housing case that "As residents flee the city, Detroit's shrinking ratepayer base renders its financial outlook even bleaker. Given these conditions, it is not difficult to conclude that Detroit's current predicament, at least in part, is an outgrowth of the predatory lending at issue here."²²

According to Foreclosure Detroit "Uncollected property taxes charged back when a property is unsold...rose to an estimated \$55 million in 2010 and it may top \$60 million in 2011."²³ Note the missing piece in this Detroit News

¹⁹ <http://detroitevictiondefense.org/>

²⁰ <http://detroitevictiondefense.org/foreclosure-facts.php>

²¹ www.foreclosuredetroit.org/pages/Research__Reports__Foreclosure_Detroit

²² <http://blogs.reuters.com/alison-frankel/2013/07/26/morgan-stanley-could-be-to-blame-for-detroits-blight-n-y-judge/>

²³ www.foreclosuredetroit.org/pages/Research__Reports__Foreclosure_Detroit

article²⁴ of the banks' role in owing any part of the 245 million owed in property taxes. See the multitude of banks²⁵ whose property ended up in the Wayne County 2012 tax auction. Also coming into play was the reduction in the amount of time to pay taxes from 5 years to 2 years, which started in 1999.²⁶

In my time campaigning door to door around the city, I was astounded by the amount of people who had been keeping up bank owned properties to the benefit of their neighborhoods. Other cities sued banks for the upkeep of the property.²⁷ Why hasn't Detroit?

I spoke with a man who lived in Rosedale Park who got a ticket for having his grass too long. Really? While the train station sits there, awash in building code violations? There is plenty of money to be collected from businesses who choose to use Detroit as a tax write-off or a garbage can instead of from regular everyday people just trying to get by.

Homes are being foreclosed on and bundled to be sold only to investors. Some people cannot even have access to the opportunity to get their home back! Investors come from everywhere - like Australia and Cambodia - and are making a 40% profit.²⁸ A few years back there was an odd white man with an accent who jumped out of a car to take a picture of a house on my block. He was super scared that I spoke to him - he even looked scared to get out of the car. I asked him who he was and what he was doing. He said he was from some real estate company. He had an English accent. The house he took a picture of is not well kept at all. No one is making these investors keep up the houses they buy.

Why isn't Detroit using the Section 8 Home Ownership Program?²⁹ It is nonsense that there are such low priced homes here and especially single moms are not given the opportunity to purchase them. For what most people

²⁴ <http://www.detroitnews.com/article/20130221/METRO01/302210375>

²⁵ <http://detroit.curbed.com/archives/2012/10/lots-of-bankowned-properties-ended-up-in-the-tax-auction.php>

²⁶ <http://www.waynecounty.com/treasurer/783.htm>

²⁷ <http://www.bloomberg.com/news/2011-05-12/foreclosures-prompt-four-u-s-cities-to-sue-banks-for-mowing-home-repairs.html>

²⁸ <http://www.businessweek.com/articles/2013-01-24/detroit-housings-for-sale-and-global-investors-want-in>

²⁹

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/homeownership

pay for rent in my neighborhood (around an outrageous \$700/month) they could be homeowners. That this is NOT happening is alarming.

Here is some more information on the crisis in Detroit's housing market:

- "Mortgage Fraud: Detroit leads the nation in the default of sub-prime loans that Countrywide and other predatory lenders foisted on African-American, Hispanic, and elderly homeowners. (Comptroller of the Currency, Worst Ten in the Worst Ten)
- Underwater Homes: 39% of homeowners in Wayne County owe more on their mortgage than the house is worth—nearly double the national rate of 21%. In Detroit's hardest hit neighborhoods, 50-70% of homeowners are underwater and 10-15% are falling behind on their mortgages. (Zillow Real Estate, Oct. 2013)
- Foreclosure Rate: The foreclosure rate in Metro Detroit is triple the national average, forcing more than 130,000 families from their homes since April of 2009. Of the 70,000 foreclosed homes in Detroit, 45,000 are vacant. (HUD, Spotlight, Jan. 2013)"³⁰

I see that at the same time the court is packed full of families losing their homes every day, for Midtown there are many incentives for coming to live in Detroit. I am curious where this money comes from? "Here are the perks if you work at BCBSM, Compuware, DTE, Marketing Associates, Quicken Loans or Strategic Staffing Solutions: New homeowners receive up to \$20,000 forgivable loan toward the purchase of their primary residence. New renters receive a \$2,500 allowance of funding toward the cost of their apartment in the first year followed by additional funding of \$1,000 for the second year. Existing renters receive a \$1,000 allowance of funding for renewing a lease. Existing homeowners receive matching funds of up to \$5,000 for exterior improvements for projects of \$10,000 or more." ³¹

Then there is the scrapping which is looting and decimating our housing stock. The vacant houses on my street have been stripped of every piece of metal that is on them. I have been sleeping with one eye open for years on

³⁰ <http://detroitdebtmoratorium.org/the-federal-government-must-act-in-this-emergency/#more-1224>

³¹ <http://www.detroitlivedowntown.org/incentives/>

alert for the scrappers – people on my street literally chase them away. This is not addressed as a reason of how Detroit got to this point. How are the scrap yards and other businesses who take the pieces of our homes policed, if at all? It is making it almost impossible to rebuild the houses, which in my opinion is suspicious in and of itself.³²

³² <http://mfi-miami.com/2013/06/the-michigan-gop-has-just-made-it-easier-for-scrappers-to-steal-from-you/>

THE “RESTRUCTURERS”

They are getting 90 million dollars for their “restructuring of the city”. It should have been a forensic audit, new software and clean elections. Our 90 million could have gotten 6,000,000 hours of tutoring for children at \$15/hour. Indeed with that money, all of the schools in Detroit could be top performing schools in the nation. Or 90 million could pay for 450,000 bus trips at \$200/bus for 50 kids to go on field trips. Or 90 million could pay for 18,000,000 superhero books (\$5 each) to encourage boys in Detroit to read. The boys in tutoring are always asking for more. Or 14,423 youth could have had part time jobs. (\$8/hr x 15hrs/week x 52 weeks=\$6240 each youth)

In my opinion the whole bankruptcy is unnecessary, but regardless, how were these firms chosen? Did Detroit bid it all out properly and get the best deal? If not, how much money could we have saved?

“The city has paid out nearly \$42 million in restructuring-related adviser fees so far in the Chapter 9 case, according to a tally provided to The Am Law Daily on Thursday by Detroit emergency manager Kevyn Orr’s office. The list of those being paid includes 41 advisers, 10 of them law firms, that are in line to ultimately earn a collective total of more than \$89.3 million under their existing contracts.

Of the fees the city has paid out to date, Jones Day has received \$17.3 million—40 percent of the overall total—according to the document provided by Orr’s office. Nearly \$2 million more in outstanding invoices submitted by the Am Law 100 firm have yet to be paid.

The formal terms of Jones Day’s assignment have shifted substantially since it was hired as the city’s lead restructuring counsel in March 2013, four months before Detroit became the largest municipality to seek Chapter 9 bankruptcy protection in U.S. history. The initial \$3.35 million, six-month contract approved by Detroit’s city council was later revised upward to \$18 million. That pact became void when the city filed for bankruptcy in July, Orr spokesman Bill Nowling said via email Thursday.

In a footnote, the document detailing the advisory fees paid so far describes Jones Day’s work as not being subject to a contract maximum. Nowling said the provision reflects the fact that the city does not disclose its legal strategy, and setting a budget for litigators and attorneys “is part of that legal strategy.” At this point, Nowling said, Jones Day’s only fee-related obligation is to clear what it earns through fee examiner Robert Fishman.

Fishman has been racking up some bills of his own since taking on the monitor job in August, according to court filings. He and his Chicago-based firm, Shaw Fishman Glantz & Towbin, have requested \$165,020 for work on the case between September and November, those filings show. Fishman is due to submit his first report Feb. 4.

Other law firms playing roles in the Detroit bankruptcy (and the fees they have earned so far) include labor and employment counsel Butzel Long (\$292,833); Foley & Lardner (\$340,174); conflicts counsel Pepper Hamilton (\$594,633); and retiree committee counsel Dentons (\$3.2 million).

Detroit-based Miller, Canfield, Paddock & Stone is also advising the city under two contracts: one covering collective bargaining advice that is capped at \$750,000, and another encompassing restructuring-related issues that is capped at \$1.2 million. So far, no payments to Miller Canfield have been recorded in the chart.³³

³³ <http://www.americanlawyer.com/id=1202639729233/Jones-Day-Earns-17-Million-in-Detroit-Bankruptcy-So-Far?slreturn=20140231034721>

WATER

The city paid more than \$500 million to banks in swap deals. I am unclear why the Detroit News is focusing on the inhumane plan to shut off the water to the impoverished children and families in Detroit and not this. Historically the water department has been used a pawn to get suburban people mad at Detroit in order to gain favor for privatization, which will only cost urban and suburban people more money for higher water rates. Here is where the Mackinac Policy Center makes their plans for privatization of OUR water department: <http://www.mackinac.org/3162>

My water bill for two very ecologically conscious people is at least \$720/year. Double that to \$1440/year for a family of four which is about 5% of the median income of Detroiters, but probably much more because most people are not as conservative with water as my household.

See below for details from Businessweek.

"JPMorgan Chase & Co. (JPM:US), the third- largest muni-bond underwriter, stood to gain more than just its share of \$7.8 million in fees by helping Detroit's water and sewer (87962MF:US) unit issue new debt after the city staved off insolvency.

The municipal department's \$659.8 million June bond sale let it pay more than \$300 million to banks, including JPMorgan, to end interest-rate swap agreements while raising its borrowing cost. The utility, with 1,978 employees, plans to fire four of every five workers, while debt service has climbed to more than 40 percent of revenue, internal documents show.

Obligations linked to swaps initially sold by Wall Street banks as hedges to save tax dollars have cost the Detroit utility more than \$500 million to unwind, an amount added to its debt. Before paying \$314 million to end some of the agreements in June, it spent \$222 million raised in a December 2011 bond sale to end others.

The money used to unwind the swaps would almost cover the utility's \$571.7 million in planned capital spending for the five years through June 2016, according to bond documents. Or it would be enough for the sewer system's \$519.8 million fiscal 2013 budget, with millions to spare.

Separate Entity

The department, while a part of a city that's under state fiscal oversight, operates as a separate entity with its own board and serves areas outside the municipality. It provides water to 3.8 million people in Detroit and 124 other communities, as well as sewerage to 2.8 million people in the city and 76 more cities and towns.

Beyond the utility's cost to end the swaps, it bought back auction-rate securities at a premium from proceeds of its bond sale in June and is paying a higher interest rate on the debt it sold to raise the money for the purchases. Trading in the bonds shows that the borrowing through a deal lead-managed by Goldman Sachs & Co. (GS:US) cost the city more than was necessary, because the price was too low.

"Detroit has a bad history in the bond market," said John Riehl, president of the local public-workers union and a senior sewage plant operator for the utility. "They've done some foolish things over the years."³⁴

³⁴ <http://www.businessweek.com/news/2012-09-13/detroit-shows-wall-street-never-loses-on-bad-swaps-muni-credit>

VOTING SYSTEM AND GOVERNANCE

Another main reason we are at this point in Detroit's history is the voting system. After having run for mayor in the 2013 primary and witnessed the ballots for myself at the recount, I came to understand that there is something very wrong with Detroit's election system. Please see the attached ballots for yourself in Exhibit A. In my opinion the handwriting on many of the ballots was similar and many were near to identical.

About 100 Detroiters spent weeks at the recount drowning in injustice, photographing the ballots and matching the handwriting ourselves since the Wayne County Board of Canvassers at first told us there would be no handwriting expert, then realized they had noted it in a previous meeting. Then they made myself and another candidate choose the ballots for the handwriting expert AT RANDOM. Nothing speaks more strongly to the desire of Detroiters to participate in a true democracy than the work Detroiters did ourselves to uncover this disturbing truth when all the systems that should protect our right to vote failed us.

While all authorities have been notified of the lack of investigation into this election, while it calls into question the legitimacy of many of Detroit's elections, nothing is being done. But yet millions of dollars are being poured into this bankruptcy while the root cause of all of these issues is our election system. Look at 2009 where there were many irregularities noted, here is one example: "Approximately 47 percent of the absentee voter ballot boxes could not be opened and examined due to the discovery that state-required seals did not match the poll books or were breached"³⁵

In my opinion, a city in which the leaders are selected, not elected, cannot be truly governed in accordance with the Constitution of the United States of America. Decisions have been made to benefit a select few people and not for the good of all of the people of the city. This is why democracy works – people are elected and do what the people they govern want because they are scared they will be taken out of power if they don't. Without that, you have Detroit.

Detroit deserves democracy and a republican form of government. When I work with the children and am forced to explain something about voting to them I have to take a deep breath. I have done everything I could to bring

³⁵ <http://www.votersunite.org/article.asp?id=8535> Retrieved 3/19/2014

this issue to light, to clear it up so the next generation can know a better Detroit, but it seems to fall, oddly, on deaf ears. I cannot express the horror I felt sitting there in the midst of those ballot boxes understanding what that similar handwriting means for Detroit and the United States as a whole. The most painful was my own precinct. My neighbors don't all have similar handwriting and it certainly shouldn't have been similar across precincts. But in my opinion, it was.

Without clean elections, Detroit will return again and again to this point, only worse off each time. I am well aware we are all just a few steps from starving, so I am not sure what much worse off would mean.

Looking at two random campaign reports of our former mayor shows that less than 10% of the people who contributed and less than 10% of the total contributions came from Detroit.

On top of this, we have the emergency manager. We did not elect him, yet he controls our tax money and all the decisions for the city. The concept of emergency management was used for the Second Reich. See the book "Law in Times of Crisis".³⁶ History teaches us that emergency management didn't work out well for Germany – in fact it helped to make many of the atrocities Hitler committed legal. The Mackinac Policy Center pushes the idea of Emergency Management.³⁷

Detroit is a shining example of what happens when a democratic system is no longer democratic. The Detroit News said it best when they wrote "...Orr, who is working for Gov. Rick Snyder under an appointment that will presumably end in September."³⁸ Even the ultra conservative Detroit News says Orr does not work for the people of Detroit.

³⁶

http://books.google.com/books?id=XgbEUXcKBgAC&pg=PA237&lpg=PA237&dq=article+48+weimar+republic&source=bl&ots=1ucqixHgbm&sig=519PXLxM_hbgNW1g6SIcWfS1DMQ&hl=en&sa=X&ei=VpO_UabSB6rsigK5gIGIBA&ved=0CEAQ6AEwBDgo#v=onepage&q=emergency&f=false

³⁷ <http://www.mackinac.org/17627>

³⁸ <http://www.detroitnews.com/article/20140313/METRO01/303130037>

PENSIONS

I am sickened by the human health cost of even bringing the pensions into this. Many seniors and city employees are very angry and this lowers their resistance to being sick. It is needless stress to put on people. The interesting thing about the pensions are that in my opinion this seems to be a template for the rest of the nation. While I am sure many objections will explain how the pensions did NOT take the city into bankruptcy, I would like to note some articles in the press that have alarmed me about the pensions.

While Detroit's pensions are well funded compared to the rest of the country, we are still being cut. It makes me wonder where this is coming from and ask how did we get here in regards to pensions? Is this really about under funded pensions and "saving Detroit" or is there something else under this that got us to this point? This is of great importance to me since my family is directly affected by pensions. Indeed, the cuts proposed will starve my parents. You might imagine how much this offends me and every child of a pensioner.

After reading "Looting the Pension Funds"³⁹ and "Rhode Island Public Pension Reform: Wall Street's License to Steal"⁴⁰ I am concerned about the situation in Rhode Island in regards to the Manhattan Institute, the John and Laura Arnold Foundation and how Orr and Snyder went to speak at the Manhattan Institute about Detroit's bankruptcy. I am concerned that a staff member at the Mackinac Policy Center is also a contributor for the Manhattan Institute's Public Sector Inc.⁴¹ I am concerned that the reasons given about the pensions in the disclosure may not be the whole story.

³⁹ <http://www.rollingstone.com/politics/news/looting-the-pension-funds-20130926>

⁴⁰ <http://www.forbes.com/sites/edwardsiedle/2013/10/18/rhode-island-public-pension-reform-wall-streets-license-to-steal/>

⁴¹ <http://www.publicsectorinc.org/about/>